

PREFACE

Last year's *Aerospace Forecasts* proved to be an accurate depiction of the year to come. We hit the nail on its statistical head, correctly anticipating the number of instrument operations for commercial aircraft. The forecast was just as close in other areas as well. We came within a percentage point of predicting precise figures in domestic revenue passenger miles and en route center activity. Our forecast for tower operations and instrument operations overall were within tolerance, but not as close as we'd anticipated.

This year, we foresee that the demand for aviation products and services will continue to increase from the low levels of the past few years. To be sure, the terrorist strike of 9/11 and the economic challenges in the industry have triggered financial woes for major carriers. Also, continued international tensions and the prospect of additional bankruptcies have increased the risk and uncertainty of the current forecasts, both in the short- and long- term.

Our analysis of the metrics, trends and accounts of the aviation industry show that aviation is on the rebound. In summary, U.S. economic activity is expected to continue the strong recovery that began during the second half of fiscal year 2003 well into 2004-05. Aviation demand, which was relatively weak in 2003, is expected to recover strongly in the same time period.

This year's report contains 10 chapters that address four major areas:

- U.S. and world economic environment, assumptions, and predictions used in developing the FAA aviation forecasts;
- historical data and forecasts of future aviation demand and aircraft activity for three major non-military user groups--large commercial air carriers, regional/commuter airlines, and general aviation/helicopters;
- workload forecasts for FAA and contract towers, en route centers, and flight service stations; and
- the outlook for commercial space transportation.

The report concludes with a discussion of our forecast accuracy and year-by-year historical data and forecasts for selected aviation demand and activity series. I would like to thank my staff, mentioned on the following page, for their hard work in putting together this document.



Sharon L. Pinkerton
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